Registration number: 03662604

MEARS

# Mears Housing Management Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019

**Mears Housing Management Limited**

# Contents

**Mears Housing Management Limited**

# Company Information

| | |
|---|---|
| **Directors** | J K Taylor<br>Mears Group PLC |
| **Company secretary** | B R Westran |
| **Registered office** | 1390 Montpellier Court<br>Gloucester Business Park<br>Brockworth<br>Gloucester<br>GL3 4AH |
| **Solicitors** | BPE<br>St James' House<br>St James' Square<br>Cheltenham<br>Gloucestershire<br>GL50 3PR |
| **Bankers** | Barclays Bank PLC<br>Corporate Banking<br>4th Floor Bridgwater House<br>Counterslip, Finzels Reach<br>Bristol<br>BS1 6BH |
| **Auditors** | Grant Thornton UK LLP<br>Chartered Accountants<br>30 Finsbury Square<br>London<br>EC2A 1AG |

# Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

**Fair review of the business**

The Company is a leading private sector provider of residential lettings and management services to the Social Housing market, with a portfolio of approximately 1,350 properties.

The Company has recorded a 14.9% reduction in revenue. Gross margins have declined significantly in the year as the Company has been going through a period of transition where the focus of management is to secure new contracts that can deliver a positive financial outcome, whilst simultaneously exiting from loss making contracts. Accordingly, both revenue and profitability have declined as new contract mobilisation costs and contract exit costs have impacted on the financial results. There were significant mobilisation costs for the More Homes Bromley and More Homes Waltham Forest schemes and the key schemes that ceased during the year were Donald Hunter House and Wellington Hostel.

The Company is well positioned to combine its strengths in housing and asset management to benefit from the 'Placemaking' strategy being offered to customers by the wider Mears Group. This strategy will result in new opportunities for the Company through its ability to provide, as part of the Mears Group of Companies, a multi-faceted service offering to clients. The Company will focus contract bidding on highly profitable schemes during 2020 and is expected to realise costs savings resulting from significant restructuring in the operational and finance departments that took place in late 2019.

The operating loss for the year was 12.6% (2018: operating loss 3.6%), and reflects the delay in demobilising existing schemes, however the Directors anticipate this will stabilise once legacy schemes are fully exited. Overall, the Company has delivered strong overhead cost management with overheads declining by 26.6% following the implementation of a variety of efficiency improvements.

It is difficult to predict the overall outcome and impact of COVID-19 at this stage however the Company's Directors are satisfied that the Company has adequate resources to meet its obligations as they fall due and, for this reason, this company continues to adopt the going concern basis in preparing the Company's 2019 financial statements.

The company's key financial and other performance indicators during the year were as follows:

| | Unit | 2019 | 2018 |
|---|---|---|---|
| Revenue | £ 000 | 15,977.00 | 18,778.00 |
| Gross profit margin | % | (0.34) | 12.90 |
| Operating loss margin | % | 12.60 | 3.60 |
| Decrease in revenue on the previous year | % | 14.90 | 18.40 |

**Principal risks and uncertainties**

The effective management of risks is a key feature to the continuing success of our Company. Our approach is to identify principal risks and robustly mitigate the impact of these risks through a Group-wide risk management process.

The Company's financial risk management is based upon sound economic objectives and good corporate practice. The Directors have overall responsibility for risk management and internal control within the context of achieving the Company's objectives. The key risks and mitigating factors are set out below.

*Financial*

The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet the identifiable needs of the Company and to invest cash assets safely and profitably.

Risks arise from short term cash flow movements and renewal risk on maturity of facilities. The Company is part of a Group banking facility. The facility has currently been agreed until November 2022.

Both short term and long term liquidity are monitored through the use of various tools including cashflow forecasts and proactive response to variances identified.

The Company does not undertake any trading activity in financial instruments. All activities are transacted in Sterling. The Company does not engage in any hedging activities.

*Operational*

The principal risks and uncertainties that the business faces are operational risks, most importantly welfare reforms. As the majority of business is generated through local authority contracts, government public spending cuts may have affected trading had it not been for the Directors prudent approach to income generation.

The company has limited exposure to these risks by negotiating and tendering for council contracts in a variety of different ways, ranging from yearly as well as long term contracts. In addition, other services and revenue streams have been developed in order to limit reliance on one source of income.during the life of contracts could have a detrimental effect on the Company's business. Having an awareness of, and being responsive to, market developments by, for example, developing managed insourcing and Joint Venture products to give choice to clients, is essential to mitigate these risks.

*Integrity, ethics, anti-bribery and corruption*

There are inherent risks of bribery, fraud and corruption in some of the sectors we work in. It is important that we have an internal control framework and means of communication to be pro-active where any risks materialise.

**Section 172 statement**

The Directors of the Company consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole in the decisions taken during the year ended 31 December 2019.

The Directors recognise a wide range of stakeholder interests and seek to create a culture whereby decisions are made with consideration to the wider impact upon the organisation as well as financial performance and strategic objectives.

Our employees are fundamental to meeting our strategic priorities. We aim to be a responsible employer in our approach to the pay and benefits that our employees receive and have implemented strong governance.

The health, safety and well-being of our employees is our primary consideration in the way we do business. Health, safety and environmental risks are fully embedded throughout the business.

Our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance. Employee reward and recognition is directed towards delivering high service levels, in a safe and responsible environment.

We have been recognised as an organisation which is delivering strongly on the social responsibility agenda. The Company takes a strategic approach to corporate social responsibility and embeds it into every area of our business.

We aim to act responsibly in how we engage with our suppliers. We expect our suppliers to acknowledge the significance of social, environmental and ethical matters in their conduct and demonstrate compliance with legislation. We acknowledge the importance of good payment practices and is committed to ensuring that suppliers are paid to on a timely basis to agreed terms.

Approved by the Board on 22 May 2020 and signed on its behalf by:

Ben Westran

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B R Westran
Company secretary

# Directors' Report for the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

**Directors' of the company**

The directors, who held office during the year, were as follows:

J K Taylor

Mears Group PLC

**Risk management**

***Objectives and policies***

The effective management of risk is a key feature to the continuing success of our Company. Our approach is to identify principal risks and robustly mitigate the impact of these risks through a Group-wide risk management process.

***Risks***

The Company is part of a group which has a single approach to managing risk. The Group-wide risk management process is set out in more detail in the Corporate Governance Statement of the Group financial statements. Details of specific risks faced by the Company are set out in the Strategic Report.

**Employment of disabled persons**

Applications for employment by disabled employees are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Company may continue.

It is the policy of the Company that training, career development and promotion opportunities should be available to all employees.

**Employee involvement**

The Company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Company.

This is achieved through consultations with employee representatives and a Company newsletter.

The Company has received recognition under the Investors in People scheme and continues to involve its staff in the future development of the business.

### Going concern

Mears Group PLC, the parent company, has a centralised treasury arrangement and so shares banking arrangements with its subsidiaries.

After making enquiries, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future.

However, the uncertainty as to the future impact on the Company of the recent COVID-19 outbreak has been considered as part of the Company's adoption of the going concern basis. The company has completed an assessment as to the impact to the Company in the event of a significant deterioration in revenues and productivity. This most severe downside scenario included a number of assumptions with regards to revenue recognition, non-productive labour costs and changes in working capital. This scenario is currently considered unlikely; however, it is difficult to predict the overall outcome and impact of COVID-19 at this stage. The Directors believe that in this most severe downside scenario, there is a risk that the Company's funding requirement could exceed its existing committed debt facilities and therefore concluded that in this scenario there is a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

The Company also completed an assessment of what is considered the most likely impact of COVID-19, which incorporated a number of mitigating actions, together with the benefit of reliefs made available from the Central Government including furloughing of employees and a deferral of the settlement of VAT liabilities. The most likely impact shows the Company's existing funding is sufficient to sustain the business and settle obligations as and when they fall due.

Given that it remains challenging to measure the impact with any degree of precision given the extent of the uncertainty, and the fact that whilst the most likely scenario shows increased headroom when compared to the most severe downside scenario, the risk of a potential covenant breach remains a risk. The Directors have concluded that the uncertainty over the impact of the COVID-19 pandemic described above, including possible mitigating actions represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Further adverse changes arising from COVID-19 would increase the challenge of complying with financial covenants and remaining within banking facilities.

Nevertheless, having assessed the combination of these various options and the impact of a potential liquidity shortfall in the event of an extended period of impact as a result of the COVID-19 pandemic, the Directors have a reasonable expectation the Company has adequate resources to continue in operational existence for the next 12 months. For these reasons, they continue to adopt a going concern basis for the preparation of the financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company were unable to continue as a going concern.

### Directors' liabilities

Indemnifications of Directors in accordance with our Articles of Association and to the extent permitted by the laws of England and Wales, Directors are granted an indemnity from the Company in respect of liabilities incurred as a result of their position in office. However, our indemnity does not cover Directors or officers in the event of being proven of acting dishonestly or fraudulently.

### Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

**Reappointment of auditors**

Grant Thornton UK LLP are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continued in force under the Companies Act 2006.

Approved by the Board on 22 May 2020 and signed on its behalf by:

Ben Westran

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B R Westran

Company secretary

# Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Strategic Report, Directors' Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Independent Auditor's Report to the Members of Mears Housing Management Limited

### Opinion

We have audited the financial statements of Mears Housing Management Limited (the 'Company') for the year ended 31 December 2019, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

### Material uncertainty related to going concern

We draw attention to the Basis of preparation in 'Principal accounting policies' to the financial statements on page 15, which indicates that the Directors have prepared a most severe downside scenario which models the potential impact of the recent COVID-19 outbreak. This scenario indicates that a material uncertainty exists that may cast significant doubt on this Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

# Independent Auditor's Report to the Members of Mears Housing Management Limited (continued)

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors in preparation of the financial statements**

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

# Independent Auditor's Report to the Members of Mears Housing Management Limited (continued)

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

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Elizabeth Collins
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

22 May 2020

**Mears Housing Management Limited**

# Profit and Loss Account for the Year Ended 31 December 2019

| | Note | 2019<br>£ 000 | 2018<br>£ 000 |
|---|---|---|---|
| Revenue | 4 | 15,977 | 18,778 |
| Cost of sales | | (16,031) | (16,365) |
| Gross (loss)/profit | | (54) | 2,413 |
| Administrative expenses | | (1,955) | (2,663) |
| Exceptional items | 5 | - | (430) |
| Operating loss | 6 | (2,009) | (680) |
| Income from participating interests | | 240 | 123 |
| Other interest receivable and similar income | 7 | 2,008 | 5,659 |
| Interest payable and similar charges | 8 | (1,084) | (465) |
| (Loss)/profit before tax | | (845) | 4,637 |
| Tax on (loss)/profit on ordinary activities | 11 | (78) | (17) |
| (Loss)/profit for the year | | (923) | 4,620 |

The above results were derived from continuing operations.

The notes on pages 15 to 29 form an integral part of these financial statements.

**Mears Housing Management Limited**

# (Registration number: 03662604) Balance Sheet as at 31 December 2019

| | Note | 31 December 2019 £ 000 | 31 December 2018 £ 000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | 15 | 40 | - |
| Tangible assets | 14 | 518 | 356 |
| Investments | 16 | 12,325 | 12,325 |
| Right of use assets | 13 | 20,302 | - |
| | | 33,185 | 12,681 |
| **Current assets** | | | |
| Debtors | 17 | 8,455 | 17,294 |
| Cash at bank and in hand | | 2,352 | 807 |
| | | 10,807 | 18,101 |
| **Creditors: Amounts falling due within one year** | | | |
| Trade and other payables | 18 | (2,889) | (6,428) |
| Loans and borrowings | 19 | (3,992) | - |
| **Creditors:** Amounts falling due within one year | | (6,881) | (6,428) |
| **Net current assets** | | 3,926 | 11,673 |
| **Total assets less current liabilities** | | 37,111 | 24,354 |
| **Creditors: Amounts falling due after more than one year** | | | |
| Loans and borrowings | 19 | (16,664) | - |
| Amounts owed to related parties | | (19,898) | (19,452) |
| **Provisions for liabilities** | 12 | - | (10) |
| **Net assets** | | 549 | 4,892 |
| **Capital and reserves** | | | |
| Called up share capital | 24 | - | - |
| Profit and loss account | | 549 | 4,892 |
| Shareholders' funds | | 549 | 4,892 |

Approved by the Board on 22 May 2020 and signed on its behalf by:

Andrew Smith

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Mears Group PLC
Director

The notes on pages 15 to 29 form an integral part of these financial statements.

**Mears Housing Management Limited**

# Statement of Changes in Equity for the Year Ended 31 December 2019

| | Share capital £ 000 | Retained earnings £ 000 | Total £ 000 |
|---|---|---|---|
| At 1 January 2019 | - | 4,892 | 4,892 |
| Change in accounting policy | - | (220) | (220) |
| At 1 January 2019 (As restated) | - | 4,672 | 4,672 |
| Loss for the year | - | (923) | (923) |
| Total comprehensive income | - | (923) | (923) |
| Dividends | - | (3,200) | (3,200) |
| At 31 December 2019 | - | 549 | 549 |

| | Share capital £ 000 | Retained earnings £ 000 | Total £ 000 |
|---|---|---|---|
| At 1 January 2018 | - | 4,589 | 4,589 |
| Change in accounting policy | - | (317) | (317) |
| At 1 January 2018 (As restated) | - | 4,272 | 4,272 |
| Profit for the year | - | 4,620 | 4,620 |
| Total comprehensive income | - | 4,620 | 4,620 |
| Dividends | - | (4,000) | (4,000) |
| At 31 December 2018 | - | 4,892 | 4,892 |

The notes on pages 15 to 29 form an integral part of these financial statements.

# Notes to the Financial Statements for the Year Ended 31 December 2019

## 1 General information

The company is a private company limited by share capital, incorporated and domiciled in United Kingdom.

The address of its registered office is:
1390 Montpellier Court
Gloucester Business Park
Brockworth
Gloucester
GL3 4AH

These financial statements were authorised for issue by the Board on 22 May 2020.

## 2 Accounting policies

### Basis of preparation

The financial statements of the Company have been prepared in accordance with applicable accounting standards, including FRS 101, and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis. The financial statements are presented in Sterling (£).

*Impact of COVID-19*

The uncertainty as to the future impact on the Company of the recent COVID-19 outbreak has been considered as part of the Company's adoption of the going concern basis. The Directors completed an assessment as to the impact to the Company in the event of a significant deterioration in revenues and productivity. This most severe downside scenario is currently considered unlikely; however it is difficult to predict the overall outcome and impact of COVID-19 at this stage. The Directors believe that in this most severe downside scenario, there is a risk that the Company's funding requirement could exceed its existing committed debt facilities.

Only the specific downside scenario would indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The Financial Statements do not include the adjustments that would result if the Company was unable to continue as a going concern. On this basis, the Directors are satisfied that the Company has adequate resources to meet its obligations as they fall due and, for this reason, they continue to adopt the going concern basis in preparing the Company's 2019 financial statements.

### Exemption from preparing group accounts

The financial statements contain information about Mears Housing Management Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Mears Group PLC, a company incorporated in United Kingdom.

## 2 Accounting policies (continued)

### Summary of disclosure exemptions

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019. The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) The requirements of IFRS 7 Financial Instruments: Disclosures;
b) The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
c) The requirements of IFRS 15 Revenue from Contracts with Customers;
d) The requirements of IFRS 16 Leases;
e) The requirements of paragraph 58 of IFRS 16;
f) The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
(i) paragraph 79(a)(iv) of IAS 1; and
(ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
g) The requirements of paragraph 10(d) and 134 to 136 of IAS 1 Presentation of Financial Statements;
h) The requirements of IAS 7 Statement of Cash Flows;
i) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
j) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
k) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
l) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

### Revenue

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

*Property income*
Where the Company is acting as principal, lessor operating lease revenue is recognised in revenue on a straight-line basis over the tenancy.

Where the Company is providing a management service, the Company recognises revenue as an agent (the net management fee) on a straight-line basis. Where significant initial costs are required to make good the housing to perform Housing Management activities, the costs directly attributable to the initial upgrade will be recognised as costs incurred to fulfil a contract and held within current assets, to the extent that it is determined that costs are recoverable.

Where the Company is providing an accommodation and support service, revenue is recognised at a point in time for each night that the accommodation is occupied. These types of contracts typically include elements of variable consideration in the form of key performance indicators and revenue arising from these elements is recognised in line with the Company's other variable consideration.

Where the Company enters into arrangements with customers for the provision of housing an assessment is made as to whether this income is recognised under IFRS 15 or IFRS 16. The contract between the Company and the customer is deemed to contain a lease where the contract conveys the right to control an identified asset for a period of time in exchange for consideration. In this instance, the rental income is recognised on a straight line basis over the life of the lease. All such sub-leased residential property leases are classified as operating leases. Revenue in respect of sub-leased residential property is disclosed separately in note 4.

## 2 Accounting policies (continued)

### Tax

The tax expense for the period comprises deferred tax.

Deferred taxation is the tax expected to be repayable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred taxation liabilities are generally recognised on all taxable temporary differences in full with no discounting. Deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit.

Deferred taxation is calculated using the tax rates and laws that are expected to apply in the period when the liability is settled or the asset is realised, provided they are enacted or substantively enacted at the balance sheet date. The carrying value of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which taxable temporary differences can be utilised. Deferred tax is charged or credited to either the Profit and Loss Account, the Statement of Comprehensive Income or equity to the extent that it relates to items charged or credited. Deferred tax relating to items charged or credited directly to equity is also credited or charged to equity.

### Tangible assets

Items of property, plant and equipment are stated at historical cost, net of depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow into the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit and loss account during the financial period in which they are incurred.

### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

| **Asset class** | **Depreciation method and rate** |
|---|---|
| Leasehold property improvements | over the period of the lease |
| Motor vehicles | 25% per annum, reducing balance |
| Fixtures and fittings | 20% per annum, straight line |
| Equipment | 25% per annum, reducing balance |

### Intangible assets

Software is stated at cost less amortisation

### Amortisation

Amortisation commences upon completion of the asset and is shown within other administrative expenses. Until the asset is available for use on completion of the project, the assets are subject to impairment testing only.

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

| **Asset class** | **Amortisation method and rate** |
|---|---|
| Software | 25% per annum, reducing balance |

## 2 Accounting policies (continued)

### Trade receivables

Trade receivables represent amounts due from customers in respect of invoices. They are initially measured at their transaction price and subsequently remeasured at amortised cost.

Retention assets represent amounts held by customers for a period following payment of invoices, to cover any potential defects in the work. Retention assets are included in trade receivables and are therefore initially measured at their transaction price.

### Reserves

Share capital is determined using the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

### Work in progress

Work in progress is included in inventories after deducting any foreseeable losses and payments on account not matched with revenue. Work in progress represents costs incurred on contracts that cannot be matched with contract work accounted for as revenue. Work in progress is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and any subcontracted work that has been incurred in bringing the inventories and work in progress to their present location and condition.

### Leased assets

From 1 January 2019, where an asset is subject to a lease, the Company recognises a right of use asset and a lease liability on the balance sheet. The right of use asset is measured at cost, which matches the initial measurement of the lease liability, and depreciated on a straight-line basis over the lease term.

The lease liability is measured at the present value of the future lease payments discounted using the Company's incremental borrowing rate. Lease payments include fixed payments, variable payments based on an index and payments arising from options reasonably certain to be exercised.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right of use asset and a lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right of use assets and lease liabilities are presented separately.

### Defined contribution pension obligation

The Company operates a defined contribution pension scheme for employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions to an independent entity. The Company has no legal obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

The assets of the schemes are held separately from those of the Company in an independently administered fund.

## 2 Accounting policies (continued)

**Financial assets and liabilities**
Financial assets and liabilities are recognised in the Balance Sheet when the Company becomes party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Company are as follows:

***Financial assets, loans and receivables***
The assets generated from goods or services transferred to customers are presented as either receivables or contract assets, in accordance with IFRS 15. The assessment of impairment of receivables or contract assets is in accordance with IFRS 9 'Financial Instruments'.

All cash flows from customers are solely payments of principal and interest, and do not contain a significant financing component. Financial assets generated from all of the Company's revenue streams are therefore initially measured at their fair value, which is considered to be their transaction price (as defined in IFRS 15) and are subsequently remeasured at amortised cost.

Under IFRS 9, the Company recognises a loss allowance for expected credit losses (ECL) on financial assets subsequently measured at amortised cost using the 'simplified approach'. Individually significant balances are reviewed separately for impairment based on the credit terms agreed with the customer. Other balances are grouped into credit risk categories and reviewed in aggregate.

Trade receivables, contract assets and cash at bank and in hand are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and contract assets are initially recorded at fair value net of transaction costs, being invoiced value less any provisional estimate for impairment should this be necessary due to a loss event. Trade receivables are subsequently remeasured at invoiced value, less an updated provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the Profit and Loss Account.

Cash and cash equivalents include cash at bank and in hand and bank deposits available with no notice or less than three months' notice from inception that are subject to an insignificant risk of changes in value. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

Following initial recognition, financial assets are subsequently remeasured at amortised cost using the effective interest rate method.

## 2 Accounting policies (continued)

***Financial Liabilities***

The Company's financial liabilities are overdrafts, trade and other payables including accrued expenses, and amounts owed to Group companies.

All interest related charges are recognised as an expense in 'Interest payable and similar charges' in the Profit and Loss Account with the exception of those that are directly attributable to the construction of a qualifying asset, which are capitalised as part of that asset.

Bank and other borrowings are initially recognised at fair value net of transaction costs. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in finance income and finance costs. Borrowing costs are recognised as an expense in the period in which they are incurred with the exception of those which are directly attributable to the construction of a qualifying asset, which are capitalised as part of that asset.

Trade payables on normal terms are not interest bearing and are stated at their fair value on initial recognition and subsequently at amortised cost.

Contingent consideration is initially recognised at fair value and is subsequently measured at fair value through the Profit and Loss Account.

**Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

**Contract assets**

Contract assets are included in trade and other receivables and represent revenue recognised in excess of the total of payments on account and amounts invoiced.

**Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**Changes resulting from adoption of IFRS 16**

IFRS 16 'Leases' replaces IAS 17 'Leases' for accounting periods commencing on or after 1 January 2019. The adoption of this standard has resulted in the Company recognising a right of use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

# Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

## 2 Accounting policies (continued)

The new standard has been applied using a modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

Instead of performing an impairment review on the right of use assets at the date of initial application, the Company has relied on its historical assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition to IFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 3.26%.

The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The change to IFRS 16 has no impact on the lifetime expenditure on leased assets and there are no cash flow impacts. The impact of this standard has been to decrease the operating result for 2019 by £220,000. Moving forward, it is expected to have a neutral impact in respect of operating profit.

The Company recognised lease liabilities in relation to leases that were classified as 'operating leases" under the principles of IAS 17 - Leases. On transition, an additional £20,196,000 (2018 - £Nil) of right-to-use assets and £20,474,000 (2018 - £Nil) of lease liabilities were recognised with the difference allocated to retained earnings.

| | As originally reported 31 December 2018 £ 000 |
|---|---|
| Operating lease commitments at 31 December 2018 | 28,575 |
| Recognition exemption for short-term leases | (4,273) |
| Operating leases not previously recognised | 88 |
| **Operating lease liabilities before discounting** | 24,390 |
| Operating lease commitments discounted using the above rate | (3,916) |
| **Operating lease liabilities** | 20,474 |
| **Lease liabilities recognised at 1 January 2019** | 20,474 |

## 3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reported period. The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Leased assets**

Estimation is required in calculating the appropriate discount rate to use when recognising the present value of future lease payments as a lease obligation. The Group undertook a synthetic credit rating exercise which determined a credit rating of BB+ for Mears Group PLC by reference to the consolidated results of the Group for the year ended 31 December 2018. Given the cross guarantees in place across the Group, it was considered appropriate to use a single credit rating across all Group entities. Using the Thomson Reuters EIKON database, a yield curve was built that can be used to determine appropriate incremental borrowing rates for the varying lease tenors. In order to build an appropriate yield curve, we have calculated a proxy GBP BB+ yield curve for a range of maturities by interpolating yields at the mid-point between BBB and BB rated GBP corporate bond yields.

## 4 Revenue

The revenue and profit before tax are attributable to the one principal activity of the Company. All revenue is derived from within the United Kingdom.

The Company's revenue disaggregated by pattern of revenue recognition is as follows:

| | 2019<br>£ 000 | 2018<br>£ 000 |
|---|---|---|
| Property income | 15,977 | 18,778 |

All of the above property income is lessor income in accordance with IFRS 16.

Property income is typically invoiced monthly in advance. Payment terms for revenue invoiced is typically 30 to 60 days from the date of invoice.

## 5 Exceptional items

Exceptional items in 2019 comprise £nil (2018: £9,000) in respect of restructuring costs and £nil (2018: £421,000) in respect of the write off of intercompany debt.

# Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

## 6 Operating loss

Arrived at after charging/(crediting)

| | 2019<br>£ 000 | 2018<br>£ 000 |
|---|---|---|
| Depreciation on fixed assets | 67 | 13 |
| Depreciation on right of use assets | 77 | - |
| Loss on disposal of property, plant and equipment | - | 7 |

## 7 Interest receivable and similar income

| | 2019<br>£ 000 | 2018<br>£ 000 |
|---|---|---|
| Interest income on bank deposits | 8 | 9 |
| Dividend income | 2,000 | 5,650 |
| | 2,008 | 5,659 |

## 8 Interest payable and similar expenses

| | 2019<br>£ 000 | 2018<br>£ 000 |
|---|---|---|
| Interest paid to group undertakings | 425 | 465 |
| Interest expense on leases | 659 | - |
| | 1,084 | 465 |

## 9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

| | 2019<br>£ 000 | 2018<br>£ 000 |
|---|---|---|
| Wages and salaries | 1,354 | 1,729 |
| Social security costs | 99 | 107 |
| Other pension costs | 23 | 25 |
| | 1,476 | 1,861 |

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

| | 2019<br>No. | 2018<br>No. |
|---|---|---|
| Administration and support | 38 | 53 |

The Directors were remunerated through other Group companies during the year and no remuneration was paid in respect of their positions as Directors of Mears Housing Management Limited.

**Mears Housing Management Limited**

# Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

## 10 Auditors' remuneration

| | 2019<br>£ 000 | 2018<br>£ 000 |
|---|---|---|
| Audit of the financial statements | 30 | 8 |

## 11 Income tax

Tax charged/(credited) in the profit and loss account

| | 2019<br>£ 000 | 2018<br>£ 000 |
|---|---|---|
| **Deferred taxation** | | |
| Arising from origination and reversal of temporary differences | 78 | 17 |

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

| | 2019<br>£ 000 | 2018<br>£ 000 |
|---|---|---|
| (Loss)/profit before tax | (845) | 4,637 |
| Corporation tax at standard rate | (161) | 881 |
| Decrease from effect of capital allowances depreciation | (13) | (20) |
| Increase from effect of expenses not deductible in determining taxable profit | (7) | 5 |
| Tax decrease from utilisation of tax losses | - | (162) |
| Increase (decrease) arising from group relief tax reconciliation | 639 | 387 |
| Decrease from effect dividends from UK companies | (380) | (1,074) |
| Total tax charge | 78 | 17 |

**Mears Housing Management Limited**

# Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

## 12 Deferred tax

### Deferred tax asset and liabilities

| | Accelerated capital allowances £ 000 | Other short term timing differences £ 000 | IFRS 16 £ 000 | Total £ 000 |
|---|---|---|---|---|
| At 1 January 2018 | 14 | - | - | 14 |
| Deferred tax charge in profit and loss account | | | | |
| - On origination and reversal of timing differences | (24) | 82 | - | 58 |
| At 1 January 2019 | (10) | 82 | - | 72 |
| Change in accounting policy | - | - | 59 | 59 |
| At 1 January 2019 (As restated) | - | - | 59 | 59 |
| Deferred tax charge in profit and loss account | | | | |
| - On origination and reversal of timing differences | 10 | (82) | (6) | (78) |
| **At 31 December 2019** | - | - | 53 | 53 |

Deferred tax is calculated on temporary differences under the liability method.

## 13 Right of use assets

| | Equipment £ 000 | Property £ 000 | Vehicles £ 000 | Total £ 000 |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 January 2019 | 28 | 20,025 | 143 | 20,196 |
| Additions | 9 | 6,313 | - | 6,322 |
| At 31 December 2019 | 37 | 26,338 | 143 | 26,518 |
| **Depreciation** | | | | |
| Charge for the year | 8 | 6,140 | 68 | 6,216 |
| At 31 December 2019 | 8 | 6,140 | 68 | 6,216 |
| **Carrying amount** | | | | |
| At 31 December 2019 | 29 | 20,198 | 75 | 20,302 |

While property right of use assets generate rentals, they are held primarily for social benefits and therefore not treated as Investment Property. All right of use assets are therefore treated as PPE in accordance with IAS 16.

## 14 Tangible assets

| | Leasehold improvements £ 000 | Furniture, fittings and equipment £ 000 | Total £ 000 |
|---|---|---|---|
| **Cost or valuation** | | | |
| At 1 January 2019 | 456 | 352 | 808 |
| Additions | 211 | 18 | 229 |
| At 31 December 2019 | 667 | 370 | 1,037 |
| **Depreciation** | | | |
| At 1 January 2019 | 148 | 304 | 452 |
| Charge for the year | 54 | 13 | 67 |
| At 31 December 2019 | 202 | 317 | 519 |
| **Carrying amount** | | | |
| At 31 December 2019 | 465 | 53 | 518 |
| At 31 December 2018 | 308 | 48 | 356 |

## 15 Intangible assets

| | Software £ 000 |
|---|---|
| **Cost or valuation** | |
| Additions | 40 |
| At 31 December 2019 | 40 |
| **Amortisation** | |
| **Carrying amount** | |
| At 31 December 2019 | 40 |
| At 31 December 2018 | - |

Amortisation of intangible assets is included within other operating charges.

# Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

## 16 Investments

| Subsidiaries | £ 000 |
|---|---|
| **Cost or valuation** | |
| At 1 January 2019 | 12,325 |
| At 31 December 2019 | 12,325 |
| **Carrying amount** | |
| At 31 December 2019 | 12,325 |
| At 31 December 2018 | 12,325 |

Details of the subsidiaries as at 31 December 2019 are as follows:

| Name of subsidiary | Principal activity | Registered office | Holding | Proportion of ownership interest and voting rights held 2019 | 2018 |
|---|---|---|---|---|---|
| Tando Property Services Limited | Management of property on a fee or contract basis | Innova House, Innova Park, Kinetic Crescent, Enfield, London, United Kingdom, EN3 7XH United Kingdom | Ordinary shares | 100% | 100% |
| O & T Developments Limited | Management of property on a fee or contract basis | Innova House, Innova Park, Kinetic Crescent, Enfield, London, United Kingdom, EN3 7XH United Kingdom | Ordinary shares | 100% | 100% |
| Tando Homes Limited | Management of property on a fee or contract basis | Innova House, Innova Park, Kinetic Crescent, Enfield, London, United Kingdom, EN3 7XH United Kingdom | Ordinary shares | 100% | 100% |

**Composition of the company investments**

Details of the composition of the company investments as at 31 December 2019 are as follows:

| Principal activity | Country of incorporation | Number of wholly-owned subsidiaries 2019 | 2018 |
|---|---|---|---|
| Management of property on a fee or contract basis | United Kingdom | 3 | 3 |

# Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

## 17 Trade and other debtors

| | 31 December 2019 £ 000 | 31 December 2018 £ 000 |
|---|---|---|
| Trade debtors | 2,040 | 4,069 |
| Debtors from related parties | 4,233 | 12,296 |
| Prepayments | 92 | 197 |
| Other debtors | 5 | 12 |
| Contract assets | 2,032 | 638 |
| Deferred tax assets | 53 | 82 |
| | 8,455 | 17,294 |
| Less non-current portion | (4,812) | (12,329) |
| | 3,643 | 4,965 |

**Details of non-current trade and other debtors**

£53,000 (2018: £82,000) of deferred tax asset is classified as non current.

£4,759,000 (2018: £12,296,000) of debtors from related parties is classified as non current.

## 18 Trade and other creditors

| | 31 December 2019 £ 000 | 31 December 2018 £ 000 |
|---|---|---|
| Trade creditors | 2,311 | 3,407 |
| Accrued expenses | 292 | 2,499 |
| Amounts due to related parties | 102 | - |
| Social security and other taxes | 58 | 399 |
| Other creditors | 126 | 123 |
| | 2,889 | 6,428 |

## 19 Loans and borrowings

| | 31 December 2019 £ 000 | 31 December 2018 £ 000 |
|---|---|---|
| **Non-current loans and borrowings** | | |
| Lease liabilities | 16,664 | - |

| | 31 December 2019 £ 000 | 31 December 2018 £ 000 |
|---|---|---|
| **Current loans and borrowings** | | |
| Lease liabilities | 3,992 | - |

The above lease liabilities relate to the right of use assets in note 13 as accounted for under IFRS 16.

# Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

## 20 Dividends

### Final dividends paid

| | 31 December 2019 £ 000 | 31 December 2018 £ 000 |
|---|---|---|
| Final dividend of £10,667.00 (2018 - £13,333.00) per each ordinary share | 3,200 | 4,000 |

## 21 Contingent liabilities

Mears Housing Management Limited and the other companies in the group headed by Mears Group PLC have entered into a Composite Accounting Agreement with the Bank, whereby each Company has provided a guarantee to the Bank and, under the terms of the guarantees, the Bank is authorised to allow set-off for interest purposes and in certain circumstances to set-off debit and credit balances within the Composite Accounting System. The Bank has a fixed and floating charge over the assets of Mears Housing Management Limited in respect of this arrangement.

## 22 Parent and ultimate parent undertaking

The company's immediate parent is Mears Group PLC by virtue of its 100% shareholding.

The most senior parent entity producing publicly available financial statements is Mears Group PLC. These financial statements are available upon request from The Company Secretary, Mears Group PLC, 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4AH.

## 23 Related party transactions

The Group of which the Company is a member has a central treasury arrangement in which all Group companies participate and procures a number of goods and services centrally which are recharged to its subsidiaries at cost. The Directors do not consider it meaningful to set out details of transfers made in respect of this treasury arrangement, nor the recharge of centrally procured goods and services, nor do they consider it meaningful to set out details of interest or dividend payments made within the Group.

## 24 Share capital

### Allotted, called up and fully paid shares

| | 31 December 2019 | | 31 December 2018 | |
|---|---|---|---|---|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | 300 | 300 | 300 | 300 |

## 25 Non adjusting events after the financial period

Since early 2020, the COVID-19 outbreak has increasingly impacted on businesses across the world. Whilst it is too early to determine the consequences of the outbreak on the company, the directors are confident that the company has put in place the correct measures to ensure the company's future.